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C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 000114

SIPDIS

DEPT FOR EAP/CM; ALSO FOR DRL

E.O. 12958: DECL: 01/16/2019

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SUBJECT: HONG KONG GOVERNMENT DELAYS CONSULTATION ON 2012
ELECTORAL REFORMS

REF: (A) HONG KONG 53 (B) 08 HONG KONG 1933

Classified By: Consul General Joe Donovan for reasons 1.4 (b) and (d).

11. (C) Summary: While taking questions from the Legislative Council (LegCo) January 15, Hong Kong Chief Executive (CE) Donald Tsang announced that, owing to the current financial crisis, the Hong Kong government will delay consultation on electoral reforms for 2012. The decision breaks a pledge made in Tsang's October Policy Address to hold the consultations in the first half of the year (ref B). Tsang did pledge that, no matter the state of the economy, the consultation would begin before the end of 2009. The move had been foreshadowed over the last week by a pro-government party's trial balloon and a warning against political instability during the financial crisis by the governor of the PRC's central bank. Pan-democratic legislators have accused the government of dishonesty, while the pro-government Democratic Alliance for the Betterment of Hong Kong, as well as pro-Beijing media, endorsed the decision. Former Chief Secretary Anson Chan, critical of this move, told us the delay was "totally expected". She also believes the Hong Kong government will drag out the consultation process so as to force its preferred plan on the public at the last minute before the 2012 elections. End summary.

12. (C) Comment: Speculation exists that Beijing may have wanted to forestall a politically contentious debate in a year of momentous anniversaries (20 years since June 4, 50 years since the Tibetan uprising). The Hong Kong government itself, still vocally annoyed at the pan-democrats' rejection of the 2005 reform package, seemed to have little enthusiasm for another political clash. Whatever the motivation, the economic crisis provides a credible excuse for delay. Two flaws exist in the plan, however. First, if anything could guarantee the pan-democrats a high turnout for the annual July 1 march, this is it. Second, politically, Tsang has now bet all his chips on his ability to manage the financial crisis. If Hong Kong weathers the financial tsunami well, and the consultation occurs this year, Tsang will be vindicated and may even gain back some political capital he will need for the democracy debate. If the Hong Kong economy continues to suffer, however, Tsang may be sitting on liabilities of the same scale that sank his predecessor. End comment.

Two Signals

13. (C) Per ref A, the press has been speculating as to whether the government would delay the consultations for electoral reforms for 2012 because of the financial crisis. Leader of the Pro-government/pro-Beijing Democratic Alliance for the Betterment of Hong Kong (DAB) Tam Yiu-chung may have been launching a trial balloon in the media when suggesting a delay for this reason. More significant may be remarks by

People's Bank of China governor Zhou Xiaochuan to Hong Kong and Macau deputies to the National People's Congress (NPC) and Chinese People's Political Consultative Congress (CPPCC) in Shenzhen January 13. Zhou is quoted in the media as saying, "in a recession and with citizens' confidence fragile, the political stability of Hong Kong and Macau may be threatened." Zhou further warned that "sudden incidents will lead to storms if not properly handled."

Shifted Goalpost

¶4. (SBU) "The electoral arrangements for 2012 is an important issue which requires an in-depth rational discussion by the public to reach a wide consensus," Tsang told the Legislative Council (LegCo) January 15. "Now is not an ideal time to conduct a public consultation." Speaking to media after his LegCo appearance, however, Tsang promised consultations would occur before the end of the year, regardless of the state of the economy.

Local Response

¶5. (SBU) Press quoted the pan-democrats, particularly Democratic Party (DPHK) leader Albert Ho, Civic Party legislator Ronny Tong, and Confederation of Trade Unions Secretary General Lee Cheuk-yan variously accusing the CE of dishonesty. In a published statement, the DPHK "vehemently condemned the Chief Executive for going back on his word."

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As proof of the CE's disingenuousness, DPHK noted that, when the CE promised to hold consultations in the first half of the year in his October policy address, the financial tsunami had already struck. They noted the people of Hong Kong shared the DPHK's aspiration for elections by universal suffrage at an early date, and called for consultations to begin immediately to allow ample time to build consensus. DAB Chairman Tam Yiu-chung, unsurprisingly, expressed support for the decision, as did the majority of the pro-Beijing press.

¶6. (C) In a January 16 meeting with the Consul General, former Chief Secretary and legislator Anson Chan told us the delay was "totally expected," and had been "carefully orchestrated," starting with Zhou Xiaochuan's comments. With or without Beijing's concurrence, Chan believes the Hong Kong government's intention all along has been to drag out the consultative process up to the 2012 deadline, then force its preferred model on the public at the last possible minute. She believes the goal is "managed democracy": A process which produces a set of Beijing-approved candidates for CE elections and which retains LegCo's functional constituencies under some "one man, two vote system." She warned, however, that the bad economy, as well as vacillations and blunders by the government, would lead the public to vent its feelings of discontent in the democracy debate. She anticipates a high turnout at the annual July 1 march and a more contentious consultation process on reforms than would have been the case had the government stuck to its original promise.
DONOVAN